



PSC NEWS

Missouri Public Service Commission

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PSC APPROVES TRANSFER OF ASSETS

Jefferson City (May 28, 2003)---The Missouri Public Service Commission has approved an agreement which authorizes the transfer of sewer and water plant, customers, permits and rights of CAT-PAC Waterworks, Incorporated to Public Water Supply District No. 3 of Franklin County.

The agreement approved by the Commission was submitted by CAT-PAC Waterworks, Inc., Public Water Supply District No. 3 of Franklin County, the Office of the Public Counsel and the Staff of the Missouri Public Service Commission. The agreement was reached as a result of extensive negotiations conducted by the above parties.

CAT-PAC customers will experience an increase in water rates as a result of the transfer of assets. CAT-PAC customers will pay the same rate as those customers currently served by the public water supply district. The PSC Staff stated that although CAT-PAC customers will experience a rate increase as a result of being transferred to the public water supply district, Staff believes those customers would experience an even greater rate increase if no transfer of assets occurred and CAT-PAC made the needed capital improvements to its water system. Staff based their conclusion on the result of a cost-of-service analysis performed during its investigation into the proposed transfer.

The Commission's order states: "Staff (PSC Staff) adds that the customers currently served by CAT-PAC will benefit from the transfer by becoming part of a larger system that is better able to make the needed capital improvements. Such improvements will ensure quality of service and compliance with applicable state and federal clean water regulations."

The Commission determined, based upon a thorough review of the agreement and the PSC Staff recommendation, that the agreement is just and reasonable and should be approved. The Commission further concluded the proposed transaction is not detrimental to the public interest and should be approved.

CAT-PAC Waterworks, Incorporated serves approximately 150 water customers in Franklin County near Pacific, Missouri.

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